The Future of Shared Services within Siemens

Michel de Zeeuw, CEO Global Shared Services Siemens AG
### Our vision – to provide answers to the great challenges of our time

**Energy Sector**

More than 50% of the electrical power in Brazil is generated by Siemens technologies

**Industry Sector**

>80% of automobile factories in Europe use our automation and drive technologies

**Healthcare Sector**

We provided 890 million people with affordable access to advanced medical imaging

**Infrastructure & Cities Sector**

In Doha, Siemens will build the Middle East's most eco-friendly tram system

- 190 countries with ~370,000 employees and a revenue of more than 78 bn. in 2012
- More than 290 major production and manufacturing plants worldwide
- 90,000 suppliers worldwide and ~150,000 internal customers of indirect material
- About 1% of Germany's jobs are directly or indirectly linked to Siemens
<table>
<thead>
<tr>
<th>Sector</th>
<th>New orders</th>
<th>Total rev.</th>
<th>Profit</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Sector</td>
<td>26,881</td>
<td>27,537</td>
<td>2,159</td>
<td>86,000</td>
</tr>
<tr>
<td>Industry Sector</td>
<td>19,985</td>
<td>20,508</td>
<td>2,467</td>
<td>105,000</td>
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<tr>
<td>Healthcare Sector</td>
<td>13,806</td>
<td>13,642</td>
<td>1,815</td>
<td>51,000</td>
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<tr>
<td>Infrastructure &amp; Cities Sector</td>
<td>17,150</td>
<td>17,585</td>
<td>1,102</td>
<td>89,000</td>
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</table>
Global Shared Services (GSS) is a global multifunctional organization providing services to all Siemens businesses.

**Human Resources Services**
- ~2,550 employees
- 4.4 Mill. travel & exp. claims
- 330,000 pay checks/month
- 200,000 pensioners/month
- 27,000 expatriates (short & long term delegations)

**Accounting & Finance Services**
- ~2,450 employees
- 12-13 Mill. AP transactions p.a.
- 5-6 Mill. AR transactions p.a.
- ~400 legal entities (AREs)

**Supply Chain Management Services**
- ~720 employees
- 400,000 purchase orders per year
- 12 logistic centers

**Business Solution Services**
- ~580 employees
- 2.6 Mill. calls handled in Customer Care Services
- Over 200 customer projects per year in Marketing Services across 45 regions

A global delivery footprint with:
- 5 main delivery hubs in low cost locations (Back Office)
- Front and expertise office services provided through regional and country staff
Need for change – 2009 the board gave us a mandate for certain services and expressed clear expectations

Status as of late 2009
- Already large organization with around 4000 FTEs, broad portfolio and examples of best practices
- Inconsistent portfolio of regional services and no global synergies
- Improvement potential in quality and transparency

Requirements
- Create synergies on a global and cross-functional basis
- Reach benchmarks in cost position levels
- Improve quality and transparency in operations

“We want GSS to be part of the solution”
The GSS roadmap outlines three steps on the way to an Innovative Solution Provider:

1. **Engage with customers**
2. **Bundle mandated services**
3. **Professionalize operations**

The diagram shows the following stages and objectives:

- **End-to-end optimization**
  - Transform customer experience
  - Develop comprehensive solutions
  - Integrated business services
  - Enhance entrepreneurial spirit

- **Service solutions**
  - Improve customer experience
  - Improve service quality and efficiency
  - Optimize operations
  - Develop solution competencies

- **Process improvement**
  - Improved customer experience
- **Service innovation**
  - Engage with customers
  - Bundle mandated services
  - Professionalize operations
  - Develop service culture

**Lift & Drop**
- **Cost reduction**
- **Quality improvement**

**Change**

*Great Services & Solutions – Creating and driving innovative business solutions supporting Siemens*
Our achievements – global consolidation and clear structured business responsibilities for bundling and professional operations

Global Operations Delivery Hubs focus on execution

- Ramp up of ~1,400 in AFS and HRS
- 36% growth
- Sharing best practice, harmonization and standard IT-tools
- Day to day service improvement

Business Lines with global business responsibility

- Portfolio harmonization and restructuring
- Transition management
- Move to transaction based pricing with standard costing structure
- Cooperation and alignment with functional governance

AFS
Accounting & Finance Services

HRS
Human Resource Services

SCMS
Supply Chain Management Services

BSS
Business Solution Services
Our achievements – creating a strong service and productivity oriented culture to engage with customers and generate savings

Strong customer engagement model

- Regional GSS heads drive customer satisfaction
- Implementation of monthly User Satisfaction Index
- Service mindset programs rolled out
- Standard ticketing tool across operations

All focus on savings

- Year on year commitment to productivity savings
- Supported by tracking and monitoring tools
- Tracking of savings generated in customers’ P&L
- Savings targets linked to management incentives
Our achievements – improving quality and transparency within processes and services

**Excellent Processes**
- Customer integration
- Quality standards
- Consistent supplier management

**Quality controlling**
- Business-driven quality planning
- Focused quality reporting

**Mindset and capabilities**
- Comprehensive qualification
- Continuous improvement

**Leadership for Quality**
- Management involvement
- Control and support roles

**IndiGO!**

**Targeting to reach World Class levels in Quality**
- Trained above 50% of staff on quality and Six Sigma
- More than 300 continuous improvement projects
- Achieved level 3 on 5 in 2012. Level 4 (World Class) targeted for 2013/2014

**More transparency through global KPIs**
- One global tool for operational and strategic KPIs with drill down capabilities
- Worldwide rollout of framework covering all our services
Our achievements – Customer driven transformation approach for a greater customer experience

- Business Lines provide framework, standard, best practices, support and transparency
- Change plan is deployed locally in a collaborative approach
- HRS: Regional HR platforms, AskHR, policy harmonization, end to end optimization
- AFS: Event driven closing cockpit, e-invoicing, self billing, external benchmarking
- SCMS: OneSRM support, internal benchmarking/harmonization

Supported by Service Lifecycle Management*

*Monitoring and Support, Generation Model, Maturity Assessment, Target GM, Service Improvement Plan
The execution of our strategy led to significant achievements over the past years

“They do have a significant responsibility to help us to get Siemens 2014 – to get the job done in a more effective way”

Joe Kaeser, President and CEO of Siemens AG
In our last phase our main focus will be on developing innovative solutions to support Siemens key strategic issues.

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<thead>
<tr>
<th>1</th>
<th>Organizational Agility</th>
<th>2</th>
<th>Customer Experience</th>
<th>3</th>
<th>Growth and Revenue</th>
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<tbody>
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<td></td>
<td><strong>Employee on-Boarding</strong> coordination to ensure first day readiness</td>
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<td><strong>Mergers and Acquisitions</strong> Support</td>
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<td><strong>Mobile Analytics Solutions</strong> e.g. delivery status and capacities on a mobile device</td>
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<td><strong>HR analytics</strong></td>
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<td><strong>Redesign of end to end sales administration</strong> and fulfillment process</td>
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<td><strong>Single contact for sales and after sales support</strong> and customer escalation</td>
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<td><strong>Build call monitoring capabilities</strong> to improve customer experience</td>
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<td><strong>One Solution for travel administration</strong> activities</td>
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<td><strong>Provide automated information and analytics</strong> to generate more sales leads</td>
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<td><strong>One Solution for all order and client administration</strong> activities</td>
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<td></td>
<td><strong>Support new online ordering process</strong> through study of customer needs</td>
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We take a broader view of Operational Excellence, providing business value to operational productivity. We need to increase our capabilities: internal and external customer intimacy and business knowledge.
Our achievements – Customer driven transformation approach (in progress and on-going)

- The teams were able to meet the goal of Day 1 Readiness. Reduction for OnBoarding from one month to one week
- Especially adding value for countries where we are hiring significantly

Our OnBoarding Process

- Solutions to reduce the complexity and time to deliver
- GSS is now able to be accountable for the OnBoarding process end to end
- Business is able to begin specific job training and business unit induction more quickly
- Further value add by closely monitoring the overall process for quality and performance KPI's
“Innovation distinguishes between a leader and a follower”

Steve Jobs